REPORT UNDER NATIONAL INSTRUMENT 62-103
EARLY WARNING REPORT

The following information is filed pursuant to the provisions listed above under the applicable securities legislation:

1. The name and address of the offeror.

Mandalay Resources Corporation ("**Mandalay**")
76 Richmond Street East
Toronto, Ontario
M5C 1P1

2. The designation and number or principal amount of securities and the offeror's securityholding percentage in the class of securities of which the offeror acquired ownership or control in the transaction or occurrence giving rise to the obligation to file the news release, and whether it was ownership or control that was acquired in those circumstances.

Elgin Mining Inc. ("**Elgin**") acquired 1,800,000 common shares ("**Common Shares**") in the capital stock of Auracle Resources Ltd. ("**Auracle**") pursuant to a private share purchase agreement with certain shareholders of Auracle made as of November 8, 2010. In addition, Elgin acquired 10,000,000 units ("**Units**") of Auracle pursuant to a subscription agreement accepted by Auracle on November 25, 2010. Each Unit was comprised of one Common Share and one common share purchase warrant ("**Warrant**"). Each Warrant entitled Elgin to acquire one Common Share until November 25, 2011, at an exercise price of $0.30 per Common Share.

On September 10, 2014, the issued and outstanding shares of Elgin were acquired by Mandalay pursuant to a court-approved plan of arrangement. At the time of the acquisition, Elgin held 11,800,000 Common Shares of Auracle, representing 29.5% of the issued and outstanding shares of Auracle. Such shares were held by Elgin, as a subsidiary of Mandalay, until February 2, 2015 when they were assigned to Mandalay. Following the assignment, Mandalay beneficially owns 11,800,000 Common Shares of Auracle.

3. The designation and number or principal amount of securities and the offeror's securityholding percentage in the class of securities immediately after the transaction or occurrence giving rise to obligation to file the news release.

Mandalay owns 11,800,000 Common Shares, representing approximately 29.5% of the issued and outstanding Common Shares of Auracle.

4. The designation and number or principal amount of securities and the percentage of outstanding securities of the class of securities referred to in paragraph 3 over which:

(i) the offeror, either alone or together with any joint actors, have ownership and control.

See item 3 above.

(ii) **the offeror, either alone or together with any joint actors, has ownership but control is held by other persons or companies other than the offeror or any joint actor.**

Not applicable.

(iii) **the offeror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.**

Not applicable.

5. **The name of the market in which the transaction or occurrence that gave rise to the news release took place.**

Not applicable.

6. **The value, in Canadian dollars, of any consideration offered per security if the offeror acquired ownership of a security in the transaction or occurrence giving rise to the obligation to file a news release.**

The Common Shares of Auracle were acquired by Mandalay through its acquisition of the issued and outstanding shares of Elgin. No separate consideration was paid for the Common Shares.

7. **The purpose of the offeror and any joint actors in effecting the transaction or occurrence that gave rise to the news release, including any future intention to acquire ownership of, or control over, additional securities of the reporting issuer.**

The Auracle Common Shares were acquired for investment purposes by Elgin and now by Mandalay for investment purposes. Mandalay does not have any present intention of increasing its beneficial ownership, control or direction over securities of Auracle but reserves the right, depending on circumstances including market conditions, to make further purchases, or disposals, of Auracle Common Shares or securities convertible or exchangeable into Auracle Common Shares the future.

8. **The general nature and material terms of any agreement, other than lending arrangements, with respect to securities of the reporting issuer entered into by the offeror, or any joint actor, and the issuer of the securities or any other entity in connection with the transaction or occurrence giving rise to the news release, including agreements with respect to the acquisition, holding, disposition or voting of any of the securities.**

Not applicable.

9. **The names of any joint actors in connection with the disclosure required by Appendix E to National Instrument 62-103.**

Not applicable.

10. In the case of a transaction or occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, the nature and value, in Canadian dollars of the consideration paid by the offeror.

Not applicable.

11. If applicable, a description of any change in any material fact set out in a previous report by the entity under the early warning requirements or Part 4 of National Instrument 62-103 in respect of the reporting issuer's securities.

Not applicable.

12. If applicable, a description of the exemption from securities legislation being relied on by the offeror and the facts supporting the reliance.

Not applicable.

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DATED this February 27, 2015.

MANDALAY RESOURCES CORPORATION

Per: *"Belinda Labatte"*

Name: Belinda Labatte

Title: Head of Stakeholder Engagement and Corporate Affairs; Corporate Secretary